

Issue Brief – CHIP Funding Adjustment

DEPARTMENT OF HEALTH

DOH-09-11

SUMMARY

Last year the Children's Health Insurance Program (CHIP) Line Item received \$2,000,000 ongoing General Fund and \$2,000,000 one-time General Fund Restricted - Tobacco Settlement Funds for expanded CHIP enrollment. CHIP has expanded outreach efforts and will have open enrollment through all of FY 2008. Preliminary estimates show enrollment below budgeted levels. The program currently estimates that it will lapse all the one-time funding at the end of FY 2008. In order to use all the \$2,000,000 ongoing General Fund in FY 2009, CHIP must go from 31,700 enrolled children in November 2007 to 39,000 by June 2008, a growth of approximately 1,000 children every month. The Analyst recommends a one-time reduction of (\$1,000,000) ongoing General Fund in the base budget bill and a one-time supplemental reduction of (\$1,000,000) General Fund from FY 2008.

The CHIP provides health insurance to children who (1) are age 18 or under, (2) live in families with incomes below 200 percent of the Federal Poverty Level, (3) are not eligible for Medicaid, (4) are uninsured, and (5) do not have access to insurance that costs less than 5 percent of household income.

OBJECTIVE

In addition to the \$2,000,000 one-time monies that will be lapsed at the end of FY 2008, there are opportunities for further reductions based on the lower-than-budgeted caseload. If caseloads do not reach their projected levels, then there will be unused monies. The monies were added to fund increased caseloads, since the higher caseloads have not been realized, the Analyst is proposing to reduce monies to reflect actual caseloads. The (\$1,000,000) reduction in ongoing General Fund may limit open enrollment in FY 2009.

DISCUSSION AND ANALYSIS

As of November 2007, total enrollment was just under 31,700. The Department indicates that in order to use all of the \$2,000,000 ongoing General Fund, enrollment needs to reach 39,000 by June 2008. The highest historical caseload ever reached by CHIP has been 37,300 in August 2006, which came after 13 months of open enrollment. The first month of open enrollment has always been successful in enrolling several thousand children. Subsequent months of open enrollment have averaged 441 children per month. While the last 4 months of open enrollment have averaged an addition of 755 children per month, this trend is unlikely to continue based on past experience. The table above compares the growth trends during this year's open enrollment vs. FY 2006 open enrollment. Even if the addition of 755 children per month trend did continue, it would be insufficient to use all of the ongoing General Fund appropriated for FY 2009.

FY 2008 Open Enrollment			FY 2006 Open Enrollment		
Month	Enrollment	Increase	Month	Enrollment	Increase
Jul-07	28,671	3658	Jul-05	31,881	3578
Aug-07	29,347	676	Aug-05	32,762	881
Sep-07	29,909	562	Sep-05	33,789	1027
Oct-07	30,594	685	Oct-05	34,835	1046
Nov-07	31,689	1095	Nov-05	35,393	558
Dec-07			Dec-05	35,939	546
Jan-08			Jan-06	36,734	795
Feb-08			Feb-06	35,495	(1239)
Mar-08			Mar-06	36,131	636
Apr-08			Apr-06	36,559	428
May-08			May-06	36,692	133
Jun-08			Jun-06	36,479	(213)

LEGISLATIVE ACTION

- The Analyst recommends that the Children's Health Insurance Program Line Item in the base budget bill be reduced by (\$1,000,000) ongoing General Fund in FY 2009 and an additional (\$1,000,000) one-time supplemental General Fund reduction from FY 2008.